

This record is a partial extract of the original cable. The full text of the original cable is not available.

141448Z Aug 03

UNCLAS HARARE 001621

SIPDIS

SENSITIVE NOFORN

STATE FOR AF/S, DRL
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER

1E. O. 12958: N/A
TAGS: [ECON](#) [ELAB](#) [PGOV](#) [ZI](#)
SUBJECT: LABOR'S ULTIMATUM RUNS OUT, UNSPECIFIED RESPONSE
YET TO BE ANNOUNCED

SENSITIVE BUT UNCLASSIFIED. NOT FOR INTERNET POSTING.

1.(SBU) Summary. The Zimbabwe Congress of Trade Unions (ZCTU) declared on July 29, 2003, that it would give the GOZ a fourteen-day time period to provide relief from the ongoing cash crisis, after which the labor unions would respond with unspecified action. Despite the GOZ's unfocused attempts to deal with the symptoms rather than the genesis of the problem, the fourteen days passed with the situation deteriorating rather than improving. The ultimatum expired on August 12, and the newspaper headlines on August 13 and 14 speculated about another ZCTU-led stayaway. But while the ZCTU has clearly committed itself to action, it is unclear what shape that action will take. The most radical step might be for the ZCTU to call on regional allies, such as the Congress of South African Trade Unions (COSATU), to increase pressure and force a response. End summary.

NO RELIEF IN SIGHT

2. (U) The cash crisis continues unabated. Zimbabweans continue to queue at banks for as little as Z \$5,000 to \$10,000 per person (US \$1 to \$2 at current parallel market rates). The GOZ, while announcing improbable remedies -- changing the color of the largest banknote (now worth US \$.10) to persuade more consumers to bank their old money, or issuing pseudo-travelers' checks for single-use transactions -- seems powerless to resolve the crisis. Nobody believes that the government can replace 2/3 of the banknotes in circulation (up to Z \$120 billion) within sixty days, and some shops are not even accepting the new travelers' checks. Given the dominance of the black market in some sectors, such as fuel, and the requirement for cash in other sectors, such as transport costs, non-cash remedies can only address a small part of the problem.

ZCTU OBLIGED TO FOLLOW THROUGH

3. (SBU) The ZCTU remains concerned about the disproportionate impact of the cash crisis on its constituency -- those workers still fortunate enough to have formal employment, but struggling at the lower end of the income scale. Its attempts to urge the GOZ to resolve the problem were improbable at best, but now that the government has failed to improve the situation, the ZCTU is compelled to act. Despite headline banners that scream new mass action is imminent, the ZCTU remains close-mouthed about its plans. ZCTU officials concede that another futile stayaway would be counter-productive, and that more drastic action will eventually be necessary. A meeting of the National Council is scheduled for August 23, at which time they will decide what action to take, and action is likely to follow within a week.

4. (SBU) One potential wild-card response is for ZCTU to call on COSATU to join forces in closing the border posts between Zimbabwe and South Africa. COSATU has indicated publicly that it is willing to do so, as it has done in the past with Swaziland and Lesotho, but it has stated privately to ZCTU officials that it will only do so if invited by ZCTU. Other rumors within the labor circles claim that SA president Thabo Mbeki may be willing for COSATU to be the "spontaneous" actor in such an endeavor, which will both increase pressure on Zimbabwe to put its economic house in order, but leave Mbeki with publicly clean hands.

COMMENT

5. (SBU) The ZCTU leadership is painfully aware that continued attempts to call stayaways, particularly when

there is no resultant improvement, are a waste of organization. The challenge will be for the ZCTU to respond with something so effective, and so unexpected, that the GOZ will be forced to respond. Several days of closed borders, particularly when Zimbabwe is so critically dependent upon road-based trade with SA, could well be the best tactic.

Whitehead